

15 February 1965

Subject: Report on Review of Proposal for the  
Period 1 January 1965 to 30 June 1965

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To: 25X1A

Contracting Officer

Re: Telecom Request of 23 December 1964

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1. In compliance with your request, a limited review has been performed of the data supporting the contractor's proposal for follow-on work in connection with the [redacted] Planning Operation and Feasibility Workshop."

2. Results of the review, related to the initial and revised proposals, is presented in the attached schedule. Pertinent comments are contained in the following paragraphs.

3. In accordance with our telecom on 9 February 1965, I discussed with [redacted] the possibility of this follow-on work being proposed on a fixed-price basis. He was agreeable to submitting a fixed-price proposal; however, he stated that he would have to use a higher overhead rate and felt that the risk

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performance under this contract.

h. Labor rates are increased by a factor of 7.5% to cover v.c.e. and holidays. The amounts are charged directly to contractor and there is an offsetting reduction in overhead. This is a policy followed consistently on all work performed at this division.

6. Overhead. The rate of 148% used in the initial proposal is for a cost-reimbursement type contract. Based upon the current proposal, this rate appears low. (See paragraph 3 above) For a T&M or fixed price proposal, a rate of 155% is proposed.

7. Travel and Living. These costs are estimated as follows:

Santa Barbara to San Francisco -

8 round trips, 4 days and 3 nights each

Air fare	845
Room (3 nights)	36
Meals, etc (4 days)	34
Local transportation	20

8 trips at	8133	\$1,064
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Notes

North Bethesda to D.C.

6 round trips, 5 days and 4 nights each

Air fare \$310

Room (4 nights) 56

Meals, etc. (5 days) 40

Local transportation 30

6 trips at \$436 \$2,616

Total estimated costs \$3,680

The auditor is not qualified to determine the necessity for or the duration of the trips proposed.

8. CIRP (Advance Engineering). For 1965, the contractor is proposing this rate at 2.1%. The experienced rate for 1964 was 2.02%, and for 1963 was 1.96%.

9. G&A. The rate proposed for use with this contract is 14.5%. The experienced rate for 1964 was 14.15%, and for 1963 was 16.75%.

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*Heckman*  
*1/1/65*

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